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Quiznos sets efforts on helping franchisees build sales

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Company to focus on menu, operational improvements as Chapter 11 restructuring proceeds

Quiznos is aiming to build customer awareness and improve unit economics as it works its way through a Chapter 11 restructuring to reduce debt, company officials told franchisees in a call on Thursday, according to a source.

Earlier this week, the company pushed a key court hearing on its bankruptcy exit plan from April to May 12 after unsecured creditors asked for more time to probe its restructuring strategy, according to a [Wall Street Journal](#) report.

In a routine call with franchisees Thursday, however, company officials reiterated statements that the pre-packaged restructuring would be quick, according to restaurant analyst John Gordon, principal of Pacific Management Consulting Group in San Diego, who said he monitored the call.

Meanwhile, Quiznos is proceeding with efforts to help franchisees build sales and improve profitability, including ongoing work on the menu to reduce costs and make better use of existing ingredients.

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As promised, a new point of sale system is now in 40 locations and is scheduled to roll out systemwide this summer after kinks are worked out. Once the rollout is complete, which is expected before the end of the year, Quiznos will launch a new smartphone app aligned with the POS system, with the potential for mobile ordering and payment, Gordon said.

Company officials told franchisees they were pleased with the response to a video mashup on the chain's new [Toasty TV website](#). The video went viral and increased traffic to the website by 50 percent.

The "House of Thrones" video was a parody blending the popular "House of Cards" Netflix series with HBO's "Game of Thrones," and has collected more than 1.5 million views. It even garnered a social media shout-out from actor Kevin Spacey, who stars in "House of Cards."

The video brought attention to the Toasty TV effort, which includes original and curated content, such as a series of lobster-themed shorts — one of which plays off the TLC show "Here Comes Honey Boo Boo" — and all of which attempt to promote the chain's lobster-spiked limited-time offers during Lent.

Overall, the digital effort aims to raise Quiznos' "cool factor," officials told the franchisees, as the chain focuses marketing efforts on Gen X and Gen Y diners who tend to spend more time online than watching TV, Gordon said.

Work on the menu also continues, though the focus is on simplifying operations and reducing waste while making better use of existing ingredients. Two units are testing the elimination of about 15 SKUs, though the company said it was too early to discuss results.

A new line of Ciabatta Toasties sandwiches is being tested in Southern California at a value price point starting at \$3.99. The sandwiches include four varieties: Ham & Swiss; Pesto Turkey; Chipotle Steak; and Veggie Caprese.

This summer, Quiznos will bring back two versions of its popular barbecue pork sandwiches for an extended limited-time period, including the Spicy BBQ Pulled Pork and the Southern BBQ Pulled Pork. Last year, the barbecue sandwich represented about 9 percent of entrees sold during the promotional window, the company said.

Officials also told franchisees that a new remodel design was in development, noting that the company was working to keep the package affordable. No details were revealed, however.

In a statement to Nation's Restaurant News, company officials confirmed some of the information, saying the focus remains on the future of the brand and franchisee profitability.

"Looking ahead, Quiznos continues to work on operational enhancements and marketing support designed to strengthen performance, revitalize Quiznos' brand, drive location awareness and reinforce its promise as a fresh, high-quality and great-tasting alternative to traditional fast food offerings," the statement said.

Gordon said Quiznos' consumer-focused effort is logical, given the chain's very limited ad budget.

"The product tests are good signs," he said. "It's unfortunate that these actions couldn't have occurred two years, four years or seven years ago, when Quiznos' management regimes changed."

The franchisor of the 2,100-unit chain filed for Chapter 11 bankruptcy protection last month after lenders approved a restructuring plan that would reduce debt by more than \$400 million.

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